

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: West Bloomfield Township Parks & Recreation Commission	County Oakland
Audit Date December 31, 2004	Opinion Date March 28, 2005	Date Accountant Report Submitted To State: June 28, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): PLANTE & MORAN, PLLC			
Street Address 27400 Northwestern Highway	City Southfield	State MI	ZIP 48034
Accountant Signature 			

West Bloomfield Township Parks and Recreation Commission

**Financial Report
with Supplemental Information
December 31, 2004**

West Bloomfield Township Parks and Recreation Commission

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Independent Auditor's Report

West Bloomfield Township
Parks and Recreation Commission
Oakland County, Michigan

We have audited the accompanying basic financial statements of the West Bloomfield Township Parks and Recreation Commission as of December 31, 2004 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the West Bloomfield Township Parks and Recreation Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the West Bloomfield Township Parks and Recreation Commission as of December 31, 2004 and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedule, as identified in the table of contents, are not a required part of the basic financial statements, but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

As described in Note I, the Commission has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of January 1, 2004.

Plante & Moran, PLLC

March 28, 2005

West Bloomfield Township Parks and Recreation Commission

Management's Discussion and Analysis

Our discussion and analysis of the West Bloomfield Township Parks and Recreation Commission's financial performance provides an overview of the Commission's financial activities for the year ended December 31, 2004. Please read it in conjunction with the Commission's financial statements.

West Bloomfield Township Parks and Recreation Commission as a Whole

The following table shows, in condensed format, the net assets as of December 31, 2004. In future years, this table will also present prior year information, as well as comparative data from the statement of activities. Since this is the first year of implementation of GASB No. 34 (see Note 1), prior year information is not available.

TABLE I

Assets

Current assets	\$ 4,810,427
Noncurrent assets	<u>18,171,245</u>
Total assets	22,981,672

Liabilities

Current liabilities	3,523,754
Long-term liabilities	<u>1,938,188</u>
Total liabilities	<u>5,461,942</u>

Net Assets

Invested in capital assets - Net of related debt	16,346,245
Unrestricted	<u>1,173,485</u>
Total net assets	<u>\$ 17,519,730</u>

The Commission's combined net assets increased by approximately \$489,000 due to the overall increase in revenue and decrease in expenses. Program-related revenue increased by nearly 8 percent. This was due in part to an overall increase in recreation offerings to the community. Areas of growth were senior programming, aquatics, summer camps that included nature-oriented camps, and special events. The Commission introduced new opportunities to register for programs and classes that included a new Parks and Recreation website that provides for online registration and the ability to register at both the Family Aquatic Center and Recreation Center. During the past year, administration inventoried, cataloged, and set depreciation schedules for all fixed assets valued at \$500 or more. This was the basis for the GASB 34 implementation that appears in this audit.

West Bloomfield Township

Parks and Recreation Commission

Management's Discussion and Analysis (Continued)

Expenditures decreased from the prior year by approximately 8.5 percent. This decrease is partly attributable to smaller capital improvements. In addition, personnel costs have slowed due to the Commission's changes in employee pension and health benefits for newly hired employees.

The following table shows the change in net assets during the current year:

TABLE 2

Revenue:

Property taxes	\$ 2,854,110
Recreation program fees and other user charges	227,351
Family Aquatic Center income	188,533
Interest	32,380
Smart transportation grants	180,103
Other income	59,982
Sponsorship income	3,325
CDBG senior support	50,653
Tree grants	<u>21,860</u>
Total revenue	3,618,297

Expenses:

Commission	24,453
Administration	681,256
Recreation	505,574
Park operations	1,026,656
Family Aquatic Center	583,753
Transportation	175,674
Debt service	75,115
Park development and capital improvements	<u>56,795</u>
Total expenses	<u>3,129,276</u>

Change in Net Assets	<u>\$ 489,021</u>
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West Bloomfield Township Parks and Recreation Commission

Management's Discussion and Analysis (Continued)

Governmental Activities

The Commission's total revenues increased during the current year by approximately \$33,000 due to various factors, including the increase in property taxes and program-related revenues. There was also an increase in the Community Development Block Grant funding for Senior Program Support for this year only. Overall expenses decreased this year due primarily to the completion of the Schulak Farm Development Project. Smaller park improvement projects were completed, such as a park shelter at Community Sports Park, removal and replacement of dead and diseased ash trees, and participation in projects with the Township such as the Civic Center parking lot expansion and Marshbank Park safety path construction.

General Fund Budgetary Highlights

Over the course of the year, the Commission amended the budget to take into account events during the year. Overall, the Commission stayed below budget, resulting in total expenditures being below the budget figures. This allowed the General Fund's fund balance to increase from approximately \$1,086,000 a year ago to approximately \$1,177,000 at December 31, 2004.

Economic Factors and Next Year's Budgets and Rates

West Bloomfield Township Parks and Recreation Commission's budget for next year is very similar to the 2004 budget. Some of the minor changes include a reduction in the expenditures at the Family Aquatic Center due to a change in how the facility will be staffed. Additional efforts are being made to increase the amount and kinds of recreation offerings that will in turn increase revenues. The Commission will also work hard to maintain a budget that provides for an adequate fund balance.

Contacting the Commission's Management

This financial report is intended to provide our citizens, customers, and investors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Commission's office.

West Bloomfield Township

Parks and Recreation Commission

Governmental Fund Balance Sheet - Statement of Net Assets December 31, 2004

	Balance Sheet - Modified Accrual	Adjustments (Note 2)	Statement of Net Assets - Full Accrual
Assets			
Cash (Note 3)	\$ 121,333	\$ -	\$ 121,333
Investments (Note 3)	1,738,929	-	1,738,929
Receivables:			
Grants	174,074	-	174,074
Property taxes	2,046,415	-	2,046,415
Tax collections due from West Bloomfield Township	725,122	-	725,122
Interest	3,554	-	3,554
Other assets	1,000	-	1,000
Capital assets - Net (Note 4):			
Nondepreciable	-	9,997,181	9,997,181
Depreciable	-	8,174,064	8,174,064
Total assets	<u>\$ 4,810,427</u>	18,171,245	22,981,672
Liabilities and Fund Equity			
Liabilities			
Accounts payable and other liabilities	\$ 295,287	11,317	306,604
Accrued payroll and related taxes	28,922	-	28,922
Deferred property tax revenue	3,168,314	-	3,168,314
Deferred revenue (Note 6)	141,350	(121,436)	19,914
Noncurrent liabilities (Note 7):			
Bonds payable, due within one year	-	580,000	580,000
Bonds payable, due in more than one year	-	1,245,000	1,245,000
Compensated absences, due within one year	-	30,465	30,465
Compensated absences, due in more than one year	-	82,723	82,723
Total liabilities	3,633,873	1,828,069	5,461,942
Fund Equity - Unreserved			
Designated for subsequent year's budgeted expenditures in excess of budgeted revenue	10,439	(10,439)	
Undesignated	1,166,115	(1,166,115)	
Total fund equity	<u>1,176,554</u>		
Total liabilities and fund equity	<u>\$ 4,810,427</u>		
Net Assets			
Invested in capital assets - Net of related debt		16,346,245	16,346,245
Unrestricted		1,173,485	1,173,485
Total net assets		<u>\$ 17,519,730</u>	<u>\$ 17,519,730</u>

West Bloomfield Township

Parks and Recreation Commission

Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Equity - Statement of Activities Year Ended December 31, 2004

	Revenues and Expenditures - Modified Accrual	Adjustments (Note 2)	Statement of Activities - Full Accrual
Revenue			
Property taxes:			
General	\$ 675,909	\$ -	\$ 675,909
Land	1,368,847	-	1,368,847
Active recreation	809,354	-	809,354
Recreation program fees and other user charges	227,351	-	227,351
Family Aquatic Center income	188,533	-	188,533
Interest	32,380	-	32,380
Smart transportation grants	153,231	26,872	180,103
Other income	81,301	(21,319)	59,982
Sponsorship income	3,325	-	3,325
CDBG barrier free	35,539	(35,539)	-
CDBG senior support	58,398	(7,745)	50,653
Tree grants	21,860	-	21,860
Total revenue	3,656,028	(37,731)	3,618,297
Expenditures			
Commission	24,453	-	24,453
Administration	633,005	48,251	681,256
Recreation	503,011	2,563	505,574
Park operations	923,565	103,091	1,026,656
Family Aquatic Center	521,190	62,563	583,753
Transportation	165,888	9,786	175,674
Debt service:			
Karner and Schulak Farms	281,943	(246,553)	35,390
Family Aquatic Center	331,480	(291,755)	39,725
Park development and capital improvements	181,414	(124,619)	56,795
Total expenditures	3,565,949	(436,673)	3,129,276
Change in Fund Equity/Net Assets	90,079	398,942	489,021
Fund Equity/Net Assets			
Beginning of year	1,086,475	15,944,234	17,030,709
End of year	<u>\$ 1,176,554</u>	<u>\$ 16,343,176</u>	<u>\$ 17,519,730</u>

West Bloomfield Township Parks and Recreation Commission

**Notes to Financial Statements
December 31, 2004**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the West Bloomfield Township Parks and Recreation Commission (the "Commission") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by the Commission:

Reporting Entity

The Commission is governed by an elected seven-member Board of Commissioners. The accompanying basic financial statements have been prepared in accordance with criteria established by the Government Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on these criteria, there are no component units of the Commission that are to be included in the reporting entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Commission's basic financial statements include both government-wide (reporting the Commission as a whole) and fund financial statements (reporting the Commission's major fund).

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, property taxes, charges for services, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements
December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Interest earned on investments is recorded on the accrual basis.

The General Fund is the Commission's operating fund. It accounts for all financial resources of the Commission. General Fund activities are financed by revenue from general property taxes, program fees, and other sources. The General Fund is also used for the acquisition, preservation, enhancement, and maintenance of land for parks and recreational purposes, and the acquisition, development, maintenance, and operation of public parkland facilities, specifically the development of youth and community active recreational sites.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash includes cash on hand and demand deposits. Investments are recorded at fair value based on quoted market prices.

Property Taxes - Properties are assessed as of December 31 and the related property taxes are billed and become a lien on December 1 of the following year. They are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. Property taxes billed during the month of December will be used to finance the following year's operations. As such, these taxes are recorded as deferred revenue in the fund at December 31.

The 2003 taxable valuation of the Township totaled \$3.49 billion, on which taxes levied consisted of total mills of .8213, of which .1945 mills were for operating purposes, .3939 mills were for land acquisition, and .2329 mills were for active recreation programs. This resulted in approximately \$678,000 for operations, \$1.4 million for land acquisition, and approximately \$812,000 for active recreation programs. These amounts are recognized in the General Fund as tax revenue.

Capital Assets - Capital assets, which include property, plant, equipment, and vehicles, are reported in the statement of net assets. Capital assets are defined by the Commission as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements
December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and structures	10 - 40 years
Computer technology	4 - 10 years
Land improvements	15 - 40 years
Machinery and equipment	5 - 20 years
Office furniture and fixtures	20 - 25 years
Vehicles	4 - 10 years

Compensated Absences - It is the Commission's policy to permit full-time employees to accumulate earned but unused sick, vacation, and personal day benefits. All compensated absence pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Deferred Revenue - The governmental fund modified accrual basis financial statements and the government-wide full accrual financial statements report deferred revenue in connection with revenue that has not been earned since it relates to advance collection of program fees or grant money for programs which will be provided subsequent to the end of the current year.

Long-term Obligations - In the statement of net assets, long-term debt and other long-term obligations are reported as liabilities.

Fund Equity - In the modified accrual basis financial statements, the governmental fund reports reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

West Bloomfield Township Parks and Recreation Commission

**Notes to Financial Statements
December 31, 2004**

Note 1 - Summary of Significant Accounting Policies (Continued)

Change in Accounting - During the current year, the Commission adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Changes to the Commission's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Commission's overall financial position and results of operations has been included.
- The financial statements include a full accrual accounting for all of the Commission's activities.
- Capital assets in the governmental activities column include assets previously reported in the General Fixed Assets Account Group. Capital assets at January 1, 2004, previously reported in the General Fixed Assets Account Group, have been adjusted by approximately \$14,800,000 to reflect the historical cost of the Commission's capital assets.
- The General Fund now accrues a liability for compensated absences only to the extent that they come due for payment prior to year end.
- The statement of net assets - full accrual column includes bonds and other long-term obligations totaling \$1,938,188 previously reported in the General Long-term Debt Account Group.

Other accounting policies are disclosed in other notes to the financial statements.

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

Total fund balance and the net change in fund balance of the Commission's General Fund differs from net assets and change in net assets reported in the statement of net assets and the statement of activities - full accrual basis. This difference results primarily from the long-term current financial resources measurement focus of the statement of net assets and the statement of activities versus the economic focus of the statement of the General Fund balance sheet and the statement of revenue, expenditures, and change in fund balance. The following reconciliations of fund balance to net assets and the net change in fund balance to the net change in net assets are as shown:

West Bloomfield Township Parks and Recreation Commission

Notes to Financial Statements December 31, 2004

Note 2 - Reconciliation of Government-wide and Fund Financial Statements (Continued)

Total Fund Equity - Modified Accrual Basis **\$ 1,176,554**

Amounts reported in the statement of net assets are different
because:

Capital assets are not financial resources and are not
reported in the fund 18,171,245

Grants not received within 60 days of year end are not
available currently and are not reported in the fund 121,436

Interest amounts on long-term liabilities are not payable
until due in the fund (11,317)

Long-term liabilities are not due and payable in the current
period and are not reported in the fund (1,825,000)

Compensated absences are not due and payable in the
current period and are not reported in the fund (113,188)

Total Net Assets - Full Accrual Basis **\$17,519,730**

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements

December 31, 2004

Note 2 - Reconciliation of Government-wide and Fund Financial Statements (Continued)

Net Change in Fund Equity - Modified Accrual Basis	\$ 90,079
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Amounts reported in the statement of activities are different because:

Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	259,226
Depreciation	(353,374)

Governmental funds report proceeds from sale of assets as revenue; these are recorded net of the carrying value of the disposed assets in the statement of activities	(21,319)
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Grant revenues are recorded in the statement of activities when earned; they are not reported in the fund until collected or collectible within 60 days of year end	(16,412)
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Repayment of bond principle is an expenditure in the governmental fund, but not in the statement of activities (where it reduces long-term debt)	535,000
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Accrued interest payable is recorded when due in the governmental fund	3,308
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Changes in accumulated employee sick and vacation pay are recorded when earned in the statement of activities	<u>(7,487)</u>
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Change in Net Assets of Governmental Activities - Full Accrual Basis	<u>\$ 489,021</u>
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West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements December 31, 2004

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; local government investment pools; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Commission in accordance with Public Act 196 of 1997 has authorized investment in all of the investments allowable by the State statutory authority as listed above.

The Commission's deposits and investment policies are in accordance with statutory authority. At year end, the deposits and investments were reported in the basic financial statements in the following categories:

Financial Statement Classification	Governmental Activities
Cash	\$ 121,333
Investments	<u>1,738,929</u>
Total	<u>\$ 1,860,262</u>

The breakdown between deposits and investments for the Commission is as follows:

GASB Statement No. 3 Classification	Primary Government
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 1,048,645
Investments in securities and similar vehicles	811,167
Petty cash or cash on hand	<u>450</u>
Total	<u>\$ 1,860,262</u>

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements
December 31, 2004

Note 3 - Deposits and Investments (Continued)

Deposits

The Commission's deposits, shown as cash on the balance sheet, are administered by the Charter Township of West Bloomfield (the "Township") and are held in separate accounts in the name of the Township. The deposits are reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$1,075,671. The federal depository insurance coverage pertains to all the deposits of the Township; hence, the specific coverage pertaining to the Commission's deposits, if any, is not determinable.

Investments

The Charter Township of West Bloomfield performs the investment function on behalf of the Commission. All investments as of December 31, 2004 consist of bank investment pools and mutual funds. Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, bank investment pools and mutual funds are not categorized because they are not evidenced by securities that exist in physical or book-entry form.

The bank investment pools are regulated by the Michigan Banking Act, and the fair value of the position in the pool is the same as the value of the pool shares. Mutual funds are registered with the SEC.

At year end, the Commission's investment balances were categorized as follows:

Bank investment pools	\$ 359,689
Mutual funds	<u>451,478</u>
Total	<u>\$ 811,167</u>

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements December 31, 2004

Note 4 - Capital Assets

Capital asset activity of the Commission's governmental activities was as follows:

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
Capital assets not being depreciated:				
Land	\$ 9,936,464	\$ -	\$ -	\$ 9,936,464
Construction in progress	-	60,717	-	60,717
Total capital assets not being depreciated	9,936,464	60,717	-	9,997,181
Capital assets being depreciated:				
Buildings and structures	5,562,701	29,182	-	5,591,883
Computer technology	43,564	9,622	(3,336)	49,850
Land improvements	3,480,110	56,321	-	3,536,431
Machinery and equipment	663,092	6,276	(1,950)	667,418
Office furniture and fixtures	139,511	6,174	-	145,685
Vehicles	295,437	90,934	(32,667)	353,704
Subtotal	10,184,415	198,509	(37,953)	10,344,971
Accumulated depreciation:				
Buildings and structures	724,755	157,592	-	882,347
Computer technology	23,602	8,008	(4,380)	27,230
Land improvements	737,216	106,866	-	844,082
Machinery and equipment	194,863	47,399	(1,365)	240,897
Office furniture and fixtures	32,074	8,171	-	40,245
Vehicles	121,657	25,338	(10,889)	136,106
Subtotal	1,834,167	353,374	(16,634)	2,170,907
Net capital assets being depreciated	8,350,248	(154,865)	(21,319)	8,174,064
Net capital assets	\$ 18,286,712	\$ (154,865)	\$ (21,319)	\$ 18,171,245

Depreciation expense was charged to departments as follows:

Administration	\$ 51,446
Recreation	9,628
Park Operations	209,850
Family Aquatic Center	69,369
Transportation	13,081
Total	\$ 353,374

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements
December 31, 2004

Note 4 - Capital Assets (Continued)

At the present time, the Commission operates 519 acres, as follows:

Sites	Acres
Bloomer Park	36
Bloomfield Knolls Park	2
Civic Center Park	70
Community Sports Park	15
Drake Sports Park	52
Marshbank Park	108
Sylvan Manor Park	3
West Bloomfield Trail Network	28
West Bloomfield Woods Nature Preserve	162
Karner Farm	33
Schulak Farm	5
West Bloomfield Family Aquatic Center	5
Total acres	519

Note 5 - Budget Information

The annual budget is prepared by the Finance Committee, adopted by the West Bloomfield Township Parks and Recreation Commission, and approved by the West Bloomfield Township Board. Subsequent amendments are approved by the Commission. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2004 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund budget at the activity level adopted by the Commission is included in the required supplemental information. This comparison includes a minor expenditure budget overrun. The expenditures for the Commission exceeded the amount budgeted for the year due to additional meetings and work sessions being held to work on the 2005 budget, policy issues, and to facilitate the transition of the new Commission members.

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements December 31, 2004

Note 5 - Budget Information (Continued)

The 2005 budget has expenditures budgeted over revenue in the amount of \$10,439, which has been designated in the General Fund.

Note 6 - Deferred Revenue

The General Fund reports deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. The General Fund also defers revenue recognition in connection with resources that have been received but not yet earned. At the end of the current year, the various components of deferred revenue are as follows:

	Unavailable	Unearned	Total
Grants not received within 60 days of year end	\$ 121,436	\$ -	\$ 121,436
Advances on programs	-	19,914	19,914
Total	\$ 121,436	\$ 19,914	\$ 141,350

Note 7 - Long-term Debt

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Land acquisition bonds:							
Amount of issue: \$2,100,000							
Maturing through 2007	3.90% - 3.95%	\$165,000 - \$280,000	\$ 1,055,000	\$ -	\$ 245,000	\$ 810,000	\$ 260,000
Family Aquatic Center bonds:							
Amount of issue: \$2,400,000		\$185,000 -					
Maturing through 2007	3.55%	\$350,000	1,305,000	-	290,000	1,015,000	320,000
Total			\$ 2,360,000	\$ -	\$ 535,000	\$ 1,825,000	\$ 580,000

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements December 31, 2004

Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above obligations are as follows:

	Principal	Interest	Total
2005	\$ 580,000	\$ 57,148	\$ 637,148
2006	615,000	34,942	649,942
2007	630,000	11,743	641,743
Total	<u>\$ 1,825,000</u>	<u>\$ 103,833</u>	<u>\$ 1,928,833</u>

Note 8 - Defined Contribution Retirement Plan (West Bloomfield Money Purchase Plan)

The Commission provides pension benefits to all of its full-time and qualifying part-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment.

As established by Commission resolution, the Commission contributes 5 percent of employees' gross earnings for employees hired prior to October 31, 2003.

Effective November 1, 2003, an amendment to the defined contribution retirement plan was made resolving that the Commission will contribute 10 percent of each employee's gross earnings for employees hired on or after the effective date, but these employees will not be able to participate in the defined benefit pension plan (described in Note 9 below.)

The Commission's contributions for each employee hired prior to October 31, 2003 are fully vested after eight years of service. Employees hired after October 31, 2003 are fully vested after six years of service. In accordance with these requirements, the Commission contributed approximately \$61,500 for the year ended December 31, 2004.

West Bloomfield Township Parks and Recreation Commission

Notes to Financial Statements December 31, 2004

Note 9 - Defined Benefit Pension Plan

Plan Description - The Commission participates in the Charter Township of West Bloomfield Employees Retirement System, a defined benefit pension plan that covers all full-time and qualified part-time employees of the Parks and Recreation Commission hired prior to November 1, 2003. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The plan is administered through the ING Insurance Company. The plan does not prepare an annual financial statement, either as a stand-alone financial report, or by inclusion in the report of a public employee retirement system or another entity.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by Commission resolution for the parks and recreation employees. The plan does not require an employee contribution.

Annual Pension Cost - For the year ended December 31, 2003, the most recent actuarial statement available, the Township's annual pension cost of approximately \$3,262,000 for the plan was equal to the required contribution of approximately \$3,238,000, less interest of approximately \$52,000 on the net pension asset, plus an adjustment to the actuarially required contribution of approximately \$75,000. The actual contribution for the year ended December 31, 2003 was \$3,122,500, of which the Commission's portion was \$104,833. The annual required contribution was determined as part of an actuarial valuation at December 31, 2002, using the individual entry age normal cost method. Significant actuarial assumptions used include (a) a 7.5 percent investment rate of return, (b) projected salary increases of 4.5 percent to 17.5 percent per year, and (c) 3.0 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 16 years.

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements December 31, 2004

Note 9 - Defined Benefit Pension Plan (Continued)

The system does not make separate measurements of assets and actuarial accrued liabilities for individual employees. The total defined benefit pension plan, of which the Commission is a part, is represented in the following three-year trend information:

	Fiscal Year Ended December 31		
	2001	2002	2003
Annual pension cost (APC)	\$ 2,405,000	\$ 2,714,000	\$ 3,262,000
Percentage of APC contributed	73%	91%	96%
Net pension obligation (asset)	\$ (467,000)	\$ (690,000)	\$ (550,000)
	Actuarial Valuation at December 31		
	2001	2002	2003
Actuarial value of assets	\$ 47,531,143	\$ 49,074,431	\$ 51,622,204
Actuarial accrued liability (AAL) (entry age)	\$ 54,307,871	\$ 59,794,263	\$ 64,597,088
Unfunded AAL (UAAL)	\$ 6,776,728	\$ 10,719,832	\$ 12,974,884
Funded ratio	87.5%	82.1%	79.9%
Covered payroll	\$ 15,070,910	\$ 15,784,191	\$ 17,106,766
UAAL as a percentage of covered payroll	45.0%	67.9%	75.8%

Note 10 - Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Commission has purchased commercial insurance for medical benefit claims, participates in the Michigan Municipal League risk pool for claims relating to workers' compensation, and participates in the Michigan Municipal Risk Management Authority (State Pool member) for claims relating to property, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program and the State Pool of the Michigan Municipal Risk Management Authority risk pool program operate as common risk-sharing management programs for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

West Bloomfield Township Parks and Recreation Commission

Notes to Financial Statements December 31, 2004

Note 11 - Postemployment Benefits

The Commission provides health care benefits to all full-time employees upon retirement in accordance with the personnel policy. Currently, three retirees are eligible. The Commission includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participant. Expenditures for postemployment health care benefits are recognized as the insurance premiums become due; during the year ended December 31, 2004, this amounted to approximately \$18,100.

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2009.

Required Supplemental Information

West Bloomfield Township

Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Property taxes:				
General	\$ 658,465	\$ 675,689	\$ 675,909	\$ 220
Land	1,333,518	1,368,400	1,368,847	447
Active recreation	788,465	809,089	809,354	265
Recreation program fees and other user charges	261,000	223,000	227,351	4,351
Family Aquatic Center income	212,900	180,000	188,533	8,533
Interest	15,000	15,000	32,380	17,380
Smart transportation grants	293,558	194,358	153,231	(41,127)
Other income	40,700	80,000	81,301	1,301
Sponsorship income	5,000	3,325	3,325	-
CDBG barrier free	-	35,539	35,539	-
CDBG senior support	58,398	58,398	58,398	-
Tree grants	4,000	17,500	21,860	4,360
Total revenue	3,671,004	3,660,298	3,656,028	(4,270)
Expenditures				
Commission	20,604	20,604	24,453	(3,849)
Administration	681,298	683,508	633,005	50,503
Recreation	547,544	535,750	503,011	32,739
Park operations	921,238	971,238	923,565	47,673
Family Aquatic Center	572,930	595,262	521,190	74,072
Transportation	293,558	194,358	165,888	28,470
Debt service:				
Karner and Schalak Farms	281,643	281,943	281,943	-
Family Aquatic Center	331,180	335,180	331,480	3,700
Park development and capital improvement	220,000	298,353	181,414	116,939
Total expenditures	3,869,995	3,916,196	3,565,949	350,247
Change in Fund Equity	(198,991)	(255,898)	90,079	345,977
Fund Equity				
Beginning of year	1,086,475	1,086,475	1,086,475	-
End of year	<u>\$ 887,484</u>	<u>\$ 830,577</u>	<u>\$ 1,176,554</u>	<u>\$ 345,977</u>

March 28, 2005

Finance Committee
West Bloomfield Parks &
Recreation Commission
4640 Walnut Lake Road
West Bloomfield, MI 48323

Dear Finance Committee Members:

We have recently completed our audit of the financial statements of West Bloomfield Parks & Recreation Commission for the year ended December 31, 2004. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible. This report is intended solely for the use of the Finance Committee, the Commissioners and others within the organization.

Auditor's Responsibility Under Generally Accepted Auditing Standards

We conducted our audit of the financial statements of West Bloomfield Parks & Recreation Commission in accordance with generally accepted auditing standards. The following paragraphs explain our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's responsibility. We may make suggestions as to the form or content of the financial statements or even draft them, in whole or in part, based on management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the representations of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than with those items of lesser importance or those in which the possibility of material error is remote. For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

Significant Accounting Policies

Auditing standards call for us to inform you regarding the initial selection of, and change in, significant accounting policies or their application. In addition, we are expected to inform you about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. There were no significant unusual transactions or controversial or significant emerging areas for which new accounting policies were needed.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Auditing standards call for us to report to you on accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments. Further, we are expected to report to you about the process used by management in formulating particularly sensitive accounting estimates and about the basis for our conclusions regarding the reasonableness of those estimates. We noted no matters related to sensitive accounting estimates.

Significant Audit Adjustments

Auditing standards call for us to report to you significant audit adjustments that, in our judgment, may not have been detected except through the auditing procedures we performed. As a result of our audit, no significant adjustments were made to the financial statements. However, we have attached a copy of the journal entries that were made during the course of our audit to help you understand the nature of the adjustments that were made..

Auditing standards also require us to inform the audit committee about uncorrected possible financial statement adjustments identified by us during the current engagement and pertaining to the latest period presented, which were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. There were no unrecorded possible financial statement adjustments.

Other Information in Documents Containing Audited Financial Statements

When our audit report and the audited financial statements are included in a client document, we have a responsibility to read that document and consider whether anything therein is inconsistent with the information in the audited financial statements. It is our understanding that the audited financial statements are currently not expected to be included in any other document.

Disagreements With Management

There were no disagreements with management over the application of accounting principles or the basis for management's judgments about accounting estimates. Additionally, there were no disagreements regarding the scope of the audit, disclosures to be included in the financial statements or the wording of the auditor's report.

Consultation With Other Accountants

When management consults with other accountants about significant accounting and auditing matters, auditing standards require that we present our views on those matters to you. To our knowledge, there were no such consultations with other accountants.

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Very truly yours,

PLANTE & MORAN, PLLC

A handwritten signature in black ink, reading "Leslie J. Pulver". The signature is written in a cursive style with a large, stylized "L" and "P".

Leslie J. Pulver

WEST BLOOMFIELD PARKS & RECREATION

Adjusting Journal Entries

12/31/2004

Entry #	Account #	Description	Debit	Credit
<hr/>				
AJE 1				
	100-120	Taxes Receivable		\$ 3,478.66
	100-215	Deferred Property Taxes	\$ 3,478.66	
To adjust property taxes to actual as of 12/31/04.				
<hr/>				
AJE 2				
	100-931	SMART Vehicle Maintenance	\$ 7,061.12	
	100-420	SMART grant revenue		\$ 7,061.12
To record revenue and expense for maintenance fees being performed by SMART for the benefit of WBP&R.				
<hr/>				
AJE 3				
	100-125	Grants receivable	\$ 24,685.00	
	100-226	Deferred grant revenue		\$ 24,685.00
To adjust grant receivable for senior support to actual.				
<hr/>				
AJE 4				
	100-125	Grants receivable	\$ 87,827.00	
	100-226	Deferred grant revenue		\$ 87,827.00
To adjust grants receivable for SMART to actual as of 12/31/04.				
<hr/>				
Totals			<u>\$ 123,051.78</u>	<u>\$ 123,051.78</u>